

STATE OF CALIFORNIA

ARNOLD SCHWARZENEGGER

Governor

Department of Alcoholic Beverage Control
Department of Corporations
Department of Financial Institutions
California Highway Patrol
California Housing Finance Agency
Commerce & Economic Development Program
Department of Housing & Community Development
Department of Managed Health Care



SUNNE WRIGHT MCPHEAK

Secretary

Department of Motor Vehicles
Office of the Patient Advocate
Department of Real Estate
Office of Real Estate Appraisers
Stephen P. Teale Data Center
Office of Traffic Safety
Department of Transportation

BUSINESS, TRANSPORTATION AND HOUSING AGENCY

August 26, 2004

The Honorable John Dutra
California State Assembly
State Capitol, Room 3091
Sacramento, CA 95814

Dear Assembly Member Dutra:

I regret to inform you that the Business, Transportation and Housing Agency has taken an **Oppose Unless Amended** position on your bill, AB 2366 regarding the Bay Area toll bridges. While we commend your efforts to resolve this difficult problem, the solution posed in this bill does not solve the problem.

The Administration is committed to a fully-funded long-term solution which provides a fair and prudent solution for the Bay Area's seismic retrofit projects. As drafted, the current language would not provide adequate funding for the Department of Transportation to legally award the competitively-bid contract. Further, the department was notified today by the Federal Highway Administration that without full funding of this project they cannot support a decision to award the contract, effectively eliminating the authority to accept the bid. Lacking the ability to accept the current contract, the department would be required to re-bid the project, resulting in further delay and additional costs.

Once any contract is signed, the state is obligated to pay the full cost of the contract. While the funding afforded by this measure is insufficient to award the contract, the intent of the bill is to provide the bare minimum for the department to do just that. If that were to happen, the remainder of the \$3.2 billion cost overrun would be borne by the State Highway Account and could displace current projects throughout the state.

As you know, the Administration has proposed a solution that calls for the Bay Area voters to determine how the July 1st toll increase is spent and allows the Metropolitan Transportation Commission (MTC) to determine how best to fund the retrofit projects. The Administration is willing to consider an alternative proposal that would include an equitable sharing of costs and would remove the mandate for the November vote in the Bay Area. Instead, the \$3 toll would remain pledged for the Bay Area transit and other transportation projects as approved by the voters and the MTC would be provided all of the necessary tools and authorized to identify the funding, including increasing the toll in the future when needed. However, this shift would only be acceptable if the MTC is responsible for additional future cost overruns of the Self-Anchored Suspension design.

Recognizing the importance of the Bay Bridge to the safety and economic health to all of California, the Administration believes some state contribution to the funding of the project may be necessary. As such, we are proposing the state assume the responsibility of the demolition of the existing Bay Bridge following the completion of the new bridge. The project estimates for the demolition envision a start date in 2012 at a cost of \$300 million.

The Administration looks forward to working with you to find a solution that is fair and equitable to all Californians.

Sincerely,

Curt Augustine
Deputy Secretary
Business, Transportation and Housing Agency